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Route 1, Box 42
Thorndale, Texas 76577

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April 30, 2001

The Honorable Kay Bailey Hutchison
U. S. Senator
961 Federal Building
Austin, Texas 78701

Re: Airtime Royalty Agreements between school districts and the telecommunications industry.

Attn: Hilary Frisbie,

Contracts for Air Time Royalty Agreements for Instructional Television Fixed Service (ITSF) are frequently coming up for renewal. We believe it would be beneficial for school districts if the fair market value of these frequencies could be determined by an impartial bidding process. The costs of operating schools in growth corridors, such as ours, is constantly rising and increases in taxable valuations simply can't keep pace in many rural areas.

Perhaps a competitive process to determine the value of the spectrum schools control will help in giving these districts a better tool in negotiations and allow schools to get a fairer shake in the process.

The Federal Communications Commission, The Defense Department, and the Commerce Department seem to be endorsing a policy not to release any new spectrum to the industry but instead to encourage companies to utilize frequencies that are already available (see news item enclosed).

I am pleased to see that Commerce Secretary Donald Evans is committed, "to finding a compromise between private and public interests", and we are urging The Federal Communications Commission to...

...Open the pricing process for spectrum through competitive bidding, and

...NOT to revoke more of the frequencies it has granted to school districts.

Thanking you for taking the time to visit with me last week and for your continuing interest in this timely issue, I am

Sincerely yours,

Bill Garrett
Bill Garrett

cc: The Honorable Lois W. Kolkhorst, State Representative
Mr. Robert Lindemann, Thorndale School District

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TECHNOLOGY

Agencies Warn Wireless Industry On Shortage of Radio Spectrum

By MARK WIGFIELD
Dow Jones Newswires

WASHINGTON—Three federal agencies have raised a caution flag in the wireless industry's race for more space in the nation's crowded airwaves.

Under a review ordered last year by the Clinton administration, the Commerce Department, Pentagon and Federal Communications Commission said in reports released last week that there isn't enough room on the radio spectrum to readily accommodate companies seeking to develop new mobile wireless Internet services.

Industry officials were expecting bad news from the reports as they seek to nearly double the amount of airwaves now earmarked for digital wireless service, and they got it.

Asked to detail prospects for giving up some government-allotted spectrum, the Commerce Department's National Telecommunications and Information Administration and the Pentagon could only clearly identify about 45 megahertz out of 140 MHz studied. Officials also said it would cost \$2.1 billion in engineering and other changes for Washington to clear that spectrum for commercial use—an expense that under law would have to be picked up by the industry. Meanwhile, the FCC, examining 190 MHz now utilized by schools and fixed wireless Internet providers, said mobile Internet would disrupt those uses.

But Commerce Secretary Donald Evans immediately downplayed the results, saying he would work "at the highest levels" to find a compromise between private and public interests.

The Clinton administration launched the quest to move aside traditional government and industry uses of the radio spectrum to make way for so-called third-generation wireless services. Mr. Clinton warned that Japan and Europe were outpacing the U.S. in mobile Internet technology, and he set an aggressive schedule to auction new spectrum by July 2002.

Mr. Evans signaled his strong interest in finding a solution to the spectrum impasse at a Thursday meeting with wireless industry leaders. But at a briefing Friday to release the Pentagon's findings, a Defense Department official told reporters that the wireless sector has yet to prove that it really needs more spectrum. That challenge could exploit rifts in the wireless industry.

Sprint Corp., PCS Group, for example, says it can provide most 3G services without new spectrum, a position backed by wireless handset maker Qualcomm Inc. But Verizon Wireless, a joint venture of Verizon Communications Inc. and Vodafone Group PLC, has aggressively sought new spectrum, both in the government bands and in the commercial fixed wireless bands.

Verizon last week petitioned the FCC to stop granting schools new spectrum licenses until the 3G issue is resolved. That petition is certain to be opposed by companies such as WorldCom Inc. and Sprint Corp., which lease spectrum from schools to supplement their own.

A Verizon spokesman said the company filed its petition to preserve the status quo, because all of the spectrum "is still in play."

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